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Country review report for Lithuania*

Contents

		Paragraphs	Page
	Introduction	1–2	2
I.	The national context	3–5	2
II.	The country cooperation framework	6–8	2
III.	Programme performance	9–25	3
	A. The enabling environment for sustainable human development	12–16	3
	B. Poverty eradication and sustainable livelihoods	17	4
	C. Environment	18–19	4
	D. Gender	20–25	5
IV.	UNDP support to the United Nations	26–28	5
Annex			
	Financial summary		7

* The present report contains a summary of the findings of the review. The full text is available in the language of submission from the Executive Board secretariat.

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Introduction

1. The independent mission to review UNDP activities under the first country cooperation framework (CCF) for Lithuania took place from 3 to 15 April 2000. The mission interviewed some 60 UNDP key development partners, including senior government staff, national project directors and coordinators, the non-governmental organization (NGO) community, donors, other United Nations entities, as well as the staff of the country office.

2. The management review took place on 13 April. The formal country review meeting took place on 14 April with the participation of the Government, the donor community, UNDP and NGOs. This latter meeting was chaired by Mr. Arunas Jievaltas, Director of the Technical Assistance Department, Ministry of Foreign Affairs. The record of the meeting is available as a separate document. The meeting reviewed all the major findings and recommendations of the review team and endorsed them.

I. The national context

3. After the restoration of independence in 1990, real gross domestic product (GDP) more than halved. In the mid-1990s, the economy started to bottom out, subsequent growth figures were 3.3 per cent in 1995, 4.7 per cent in 1996, 7.3 per cent in 1997 and 5.1 per cent in 1998. At present, GDP is $10.6 billion, implying an income per capita of about $2,850. Inflation fell from over 1,000 per cent in 1992 to one-digit levels in 1997 and is currently nearly absent. As a result of the delayed impact of the Russian crisis, Lithuania plunged into an unexpected recession in 1999, with a decrease of GDP by 4.1 per cent. The fiscal deficit rose to 8.5 per cent of GDP, which placed further pressure on the current account deficit, remaining well above 10 per cent of GDP. This implies that the Lithuanian economy is still vulnerable to external shocks, such as the Russian crisis. The measures needed to deal with the recession are complicated by the political situation, which is characterized by frequent changes in the Government and public mistrust. The outcome of the municipal and parliamentary elections in 2000 alter the country's goal to accede to the European Union and to join the North Atlantic Treaty Organization (NATO) and the World Trade Organization (WTO).

4. The deterioration of the economic situation and social conditions during the early 1990s led to a drop in life expectancy. Only recently has it returned to its pre-transition level of 71.8 years (1998). Nevertheless, the high number of suicides, the prevalence of sexually transmittable diseases and the increasing number of HIV/AIDS cases remain worrisome. Education enrolment follows a similar pattern with a noticeable increase in the number of young people seeking education at all levels since 1993. Primary school enrolment is now nearly 99 per cent again. General education and health indicators and GDP per capita have been showing positive developments. With a rising human development index (HDI) in recent years to 0.789 in 1998, Lithuania ranked 52 out of a total of 174 countries, according to the *Human Development Report 2000*.

5. Under the dual impact of declining real incomes and rising inequality, poverty has emerged as a relatively new phenomenon. According to a poverty line based on 50 per cent of average consumption, 16 per cent of the population or 600,000 people was living below that level in 1998, which is slightly lower than in 1997. With a sharp increase in unemployment to 11.4 per cent, poverty is expected to rise again in 1999 and 2000. Large and single-parent families and children belong to the most vulnerable groups, whereas poverty in rural areas is about twice as high as in urban areas. To combat poverty, create jobs and reduce social exclusion, the Government has finalized the first national poverty reduction strategy (PRS) with UNDP assistance. UNDP has also helped to establish the Ombudsman Office for Equal Opportunities and to prepare a national human rights action plan under the global Human Right Strengthening (HURIST) programme.

II. The country cooperation framework

Findings

6. The CCF is still considered valid and is still taking full advantage of UNDP comparative advantages in neutrality and global experience. The first CCF for the period 1997 to 1999 was extended for one year from 1 January to 31 December 2000. The total amount of resources mobilized is expected to reach the target of $10.3 million set in the CCF.

European Union assistance based on the country's preparation for accession and the closure of the United States Agency for International Development (USAID) office may provide UNDP opportunities for co-financing in areas of common interest. Relations with the Government are very good.

Recommendations

7. Future UNDP cooperation should give priority to consolidating ongoing capacity-building efforts and to converting research and policy work into concrete follow-up action. In the next CCF, a more programmatic approach should be adopted to consolidate the main thrusts of the priority areas identified during the first CCF. A rights-based conceptual framework in the second CCF presents capacity-building for human rights and sustainable human development (SHD) as the overarching theme, with the following specific programme areas: civil rights and good governance, economic and social rights, and the environment. A well-articulated rights-based conceptual framework should be provided, particularly in specific programme areas such as the environment. Emphasis should be put on advocacy and the transformation of policies to applied practices. The country office must continue and intensify its efforts to increase co-financing. UNDP should actively enter into dialogue with the European Union and other multilateral and bilateral partners to explore the possibilities for collaboration, including the co-financing of UNDP supported programmes and projects.

Agreed actions

8. The new CCF will insure that ongoing capacity-building efforts are further pursued and consolidated and that advocacy and policy work is consistently transformed to applied practices. Apart from the rights-based conceptual framework mentioned above, the CCF will also attempt to provide a framework for the application of some of the main features of a recent UNDP policy document on integrating human rights with sustainable human development (1998).

III. Programme performance

Findings

9. All CCF programme areas have been covered, including HIV/AIDS; results have largely been achieved as planned. The passing of important legislation and the phasing out of ozone-depleting substances, among others, turned out positive results and impact. The role of UNDP is thus acknowledged. UNDP operational support has been mostly confined to Vilnius, although with country-wide implications. Some outreach has been achieved through NGOs.

10. Advocacy has been actively pursued in all areas covered by the UNDP mandate and by global conferences. Good innovations have been introduced. Thus far, delivery has been estimated at 70 per cent of available resources. It is recommended that measures are taken to increase the delivery rate.

11. The country office has built up a good network of partnerships with the Government, the administration, NGOs, donors and other United Nations agencies. There is widespread appreciation among cooperation partners of the flexible, open and participatory approach of UNDP to programming and implementation. Prospects for the sustainability of achievements look good. Capacity has been developed and the turnover of national project personnel has been moderate. It has been noted, however, that the Government has not consistently met its counterpart funding obligations, especially with regard to securing operational budgets. This raises concerns about the sustainability of supported institutions after the termination of UNDP assistance.

A. The enabling environment for sustainable human development

12. The CCF envisaged two main elements of cooperation under this heading: governance and citizen participation. Under governance, support was given for the reform of public administration and for a package of support in the field of legal reform and crime prevention. Citizen participation has been actively encouraged by UNDP cooperation with the NGO Information and Support Centre (NISC).

13. UNDP projects on public administration reform have produced a number of outputs, which point in the direction of future reform, especially with regard to

defining the relations between different levels of administration.

14. UNDP was the first donor to support judicial training in Lithuania; subsequently, other donors have found this area important and have contributed. All judges in Lithuania have benefited from training opportunities offered by the newly created Judicial Training Centre (JTC). This training and the capacity for further specific training should prove invaluable when the new civil and criminal codes are introduced in 2000.

15. UNDP-funded studies on crime led to the establishment of the Crime Prevention Centre (CPC) in 1997. The Centre, which receives its core budget from the State, aims to use research and analysis rather than repression (as in the past) to fight crime. One outcome has been the decision to prioritize juvenile crime, which can prevent future criminality. With funding from the Netherlands, UNDP is now supporting reform of the entire juvenile justice system in a programmatic way. This should lead to a significant improvement in the treatment of young offenders, both in the courts and in the penal system.

16. The NISC was set up in 1994 with support from UNDP and the Soros Foundation. Since then, its client base has risen from 250 to about 2,500: there are some 5,000 NGOs in Lithuania today. Seven other centres have been established, which draw upon the information, databases and experience of the NISC. In addition to helping fledgling NGOs, the NISC has been instrumental in promoting legislation, which is expected to place the NGO sector on a firm and sustainable footing.

B. Poverty eradication and sustainable livelihoods

17. Virtually all UNDP support foreseen in the CCF in this area has been through the Ministry of Social Security and Labour (MSSL). One major thrust has been UNDP assistance towards preparing a national poverty reduction strategy (PRS). A second thrust has been towards improving information to ensure better research and analysis of specific social problems and challenges, as presented in the annual social report by the MSSL. With the similar purpose of providing a variety of advisory, policy, legal and informational services to create an affordable and equitable system of social security, an independent social policy unit (SPU) was established in 1996. The third thrust has been the promotion of awareness of human-development issues through the publication of the annual national human development reports (NHDRs) since 1995 and the recent introduction of human-development courses in three universities. Although not presented and formulated as such, this cluster of projects is an effective programme approach to poverty eradication. In a relatively short period, these projects have succeeded in raising — perhaps even creating — awareness of poverty as an important and urgent issue in Lithuania. They have also identified and analysed the principal aspects of poverty in the country. By building up a team of Lithuanian policy experts whose task is to improve the social security system, prepare NHDRs and introduce human-development courses, UNDP has also established the capacity to research, analyse and teach the subject. In several instances, through the elaboration of a poverty reduction strategy, the drafting of new basic legislation on social security, and pension reform, UNDP support has contributed to the move from study and research to practical action designed to improve the situation in the social sector. The capacity of the MSSL has also been strengthened, so that future editions of the annual social report can be produced without external assistance.

C. Environment

18. The CCF refers to the extensive involvement of other development partners in the area of environment. The role of UNDP is to ensure that Lithuania meets its obligations under the Climate Change Convention and the Montreal Protocol Funding is anticipated from the GEF. Three GEF-funded projects have helped to phase out chlorofluorocarbons in plants that produce them, while a fourth project has addressed the recovery and recycling of refrigerants.

19. Since early 1999, with funds from the Baltic Trust Fund, UNDP has supported an information centre for environment and sustainable development. The project is run by the Regional Environment Centre for Central and Eastern Europe (REC) under NGO execution. Its objectives are to disseminate information on environmental issues in order to raise awareness and encourage the involvement of civil society and to promote Agenda 21, especially in municipalities and schools.

D. Gender

20. The main channel for UNDP support for gender has been the Women's Issues Information Centre (WIIC), established in 1996. Using funding from the Netherlands, UNDP has helped to build up WIIC as the major focal point for gender issues in the country. Although the WIIC staff is small, it has outreach to women's NGOs, it provides advisory and information services, issues a regular bulletin and other publications and maintains a database. WIIC has also been the main initiator of the law of equal opportunities passed in 1998 which includes the creation of an ombudsman office. UNDP helped to start up this office, which formally reports to the parliament each year. The impact of this measure is already making itself felt, although it will clearly take time to overcome deeply entrenched gender biases in society.

21. A further project to promote women in business is co-funded by Finland. It is based outside the capital in the Kaunas region and is increasingly reaching out to women in rural areas in collaboration with the Women Farmers Association. The gender activities of the country office extend to the regions and are recognized and appreciated. Such activities include an electronic newsletter and a publication on gender in transition in Eastern and Central Europe and the Commonwealth of Independent States (CIS).

22. UNDP cooperation in this area has had a significant impact. General advocacy, including that contained in the NHDRs, the key role of WIIC, and the growing outreach activities of NGOs and other civil-society entities have contributed to a heightened awareness of this issue and to some practical steps, in particular the new legislation.

Recommendations and agreed actions

23. Under the new CCF, the expansion and strengthening of activities outside the capital will include, in particular, the implementation and monitoring of the national PRS. The promotion of regional development will receive special attention, resources permitting. Advocacy will be actively pursued in all areas covered by the UNDP mandate and the global conferences. Advocacy mechanisms and instruments will be inventoried and further refined and innovative approaches will be tested. The new CCF will highlight reform in juvenile justice system as best practice.

24. The measures to enhance the rate of delivery, consistent with quality, under the new CCF will be taken promptly. As recommended, these measures will include the reorganization and clustering of programmes. The factors inhibiting country office performance will be examined and a strategy to rectify the situation will be prepared.

25. The Government has been urged to make adequate provisions in the state budget to ensure that essential staff and other operational costs are fully met in UNDP supported activities. The new CCF will therefore ensure the continuous capacity-building (training on networking, resource mobilization) of NGOs and civil society organizations (CSOs) by promoting further NGO and CSO involvement in programmes and strategic partnerships and by expanding further the NGO execution-modality application, thus addressing the sustainability issue of UNDP support to NGOs/CSOs.

IV. UNDP support to the United Nations

Findings

26. The United Nations presence in Lithuania is limited. Apart from UNDP, the International Monetary Fund (IMF) has a Resident Representative. The United Nations Educational, Scientific and Cultural Organization (UNESCO) is represented by the Secretary-General of the National Commission; the United Nations Children's Fund (UNICEF) by the Office Director of its National Commission; the World Bank by its National Manager; the World Health Organization (WHO) by its National Liaison Officer; and the United Nations High Commissioner for Refugees (UNHCR) by two national advisers. The representatives of these entities constitute the Country Team and meet regularly. The role of the Resident Coordinator is well accepted and the opportunity for information gathering and sharing is welcomed by all. The Resident Coordinator makes a considerable and conscious effort to reach out to those United Nations entities that are not present in the country, particularly the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organization (ILO), the Office of the High Commissioner for Human Rights (UNOHCHR) and the United Nations International Drug Control Programme (UNDCP).

Except for UNDP and UNHCR, each United Nations entity is in separate premises. The Government has set up a United Nations House — the entire floor of an office block in the heart of Vilnius. This is potentially an excellent facility, but requires major renovation, which has not yet been possible as a result of budget constraints. The NHDR, supported by UNDP, is recognized as an important advocacy tool. A United Nations bulletin appears quarterly, compiled and issued by UNDP and funded through the resident coordinator system. The recently launched United Nations in Lithuania web site (www.un.lt) is funded through the resident coordinator system and managed by UNDP using written contributions from the above-mentioned United Nations agencies. The web site also includes entities without their own in-country representation.

Recommendations

27. Possibilities for further cost recovery should be explored and the implementation of a cost-recovery system must be dealt with in a sensitive manner, taking into account the interests of other agencies in future partnerships.

Agreed actions

28. UNDP is the only United Nations entity with a multi-year cooperation framework. The issues of harmonized programming periods and the preparation of a United Nations Development Assistance Framework (UNDAF), therefore, do not arise. A common country analysis (CCA) will be initiated in 2000 and will serve as a basis for the formulation of projects/programmes in the next CCF and will be of use to the other United Nations entities active in the country for similar purposes. There are currently two theme groups: one on HIV/AIDS, which in essence constitutes the Joint United Nations Programme on HIV/AIDS (UNAIDS) in Lithuania, and the other on curriculum development and teacher support. The cost-recovery system will be expanded to increase the number of agencies charged for the services provided.

Annex

Financial summary

Country: Lithuania
CCF period: 1997-1999
Period covered by the country review: 1997-March 2000

Regular resources	*Amount assigned for the full period of the CCF*[a]	*Amount actually made available for the period under review*	*Estimated expenditure for the period under review*
	(Thousands of US dollars)		
Estimated IPF carry-over	(244)	(244)	-
TRAC 1.1.1 and 1.1.2	328	246	1 175[a]
Other resources	1 519	1 139	-
SPPD/STS	227	170	147
Subtotal	**1 830**	**1 311**	**1 322**

Other resources	*Amount targeted for the full period of the CCF*	*Amount mobilized for the period under review*	*Estimated expenditure for the period under review*
	(Thousands of US dollars)		
Government cost-sharing	-	-	-
Third-party cost-sharing	3 200	1 978	987
Sustainable development funds: GEF	4 000	4 763	3 528
Funds, trust funds and others:			
Baltic Trust Fund	1 290	1 290	389
Poverty Alleviation Trust Fund	65	65	
Subtotal	**8 555**	**8 096**	**4 904**
Grand total	**10 385**	**9 407**	**6 226**

[a] Includes 1997-1999 expenditures from "Other resources" for RBEC.

Abbreviations: GEF = Global Environment Framework; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.